



The Effect of Increase in Wage and Fringe Benefits on the Productivity of Workers in Nigeria: A Case Study of Federal Ministry of Transportation, Enugu, Nigeria

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ABSTRACT:- This study is based on the Effect of Increase in Wage and Fringe Benefits on the Productivity of Workers in Nigeria: A case study of federal Ministry of Transportation (works) Enugu. In carrying out this research, four questions were formulated to guide the researcher. Firstly, to what extent will increase in wage enhance workers productivity? To what extent will the monetized fringe benefits improve workers performance? To what extent will the monetized fringe benefits meet basic needs of workers? Finally, to what extent can improved fringe benefits reduce agitation for salary increase? To validate these questions set out in the research questions, data were generated through primary and secondary sources (questionnaire, oral interview) and secondary sources such as textbooks. The analysis revealed among other things that increase wage in the Federal Ministry of Transportation enhance the productivity of workers to a large extent thereby affecting their attitude to work. That the monetization of fringe benefits has improved the performance of workers to a very large extent thereby bringing job satisfaction among workers. The study also showed that the monetized fringe benefits could only satisfy the basic needs of workers to a very small extent because of high cost of living. Finally, that the improved fringe benefits will only reduce agitation for salary increase to a very small extent. The study recommended among other things that the government should not take hasty actions in upwards review of worker's salaries and fringe benefits. All arrears of monetized fringe benefits be full implemented, government should ensure that monetization is made to meet the basic needs of workers in Nigeria. They should also involve the assistance of economist in formulating salary structure that could be sustainable. More so, they should make policies with human face to ensure job security. Financial reward system should be tied to performance and regular promotion, job security, regular payment of salaries, good working relationship, better conditions of service to boost job satisfaction among workers and improve their performance/productivity. Government should also avoid giving with one hand and taking with another hand, for instance, the NHIS and the contributory pension scheme. Furthermore, government should extend monetization to the state and local government and avoid publicizing wage package of civil servants.

Keywords:- wage, monetization, Workers, productivity and Nigeria.

I. INTRODUCTION

The Nigeria civil service is the most important sector of the nation's economic system [1, 2 and 3]. The Nigeria civil service have been observed to be performing abysmally poor in the political and socioeconomic transformation of the country [4,5, 6, 7 and 8]. Its maladies include gross inefficiency and ineffectiveness, to bribery and corruption [9, 10, 11, 12, 13, 14 and 15]. There have been persistent decline in the productivity of the civil service [4, 6 and 7]. Efforts in transforming the civil service and other government institutions for effective and efficient service delivery has, no doubt in recent times become one of the most pressing fundamental pre-occupations of government. The above problems in civil service have led to series of industrial actions in Nigeria and massive agitation for increase in worker's salaries, remuneration and other conditions of service [16, 17 and 18]. It has also informed the setting up of not less than seven public service review commissions, the Gorusuch commission of 1954, Mbanefo commission of 1959, Morgan commission of 1964. Others are Elwood commission of 1966, Adebobo of 1971 and Udoji commission of 1974. These commissions and their corresponding recommendations have not ended the search for a more effective and efficient public service that meets the needs and aspirations of Nigerians.

It will be recalled that the idea of wage and fringe benefits is as old as the colonial civil service [19, 20, 21, 22 and 23]. The colonial masters paid the civil servants wages and provided fringe benefits for them ranging from decent accommodation at Government Reserved Areas (GRA) to official cars that were chauffeur driven,

cooks, stewards and gardeners (for white civil service administrators) which they did not have to pay for from their salaries. The benefits provided were intended to make them productive. These benefits were inherited by indigenous civil servants until government felt that cost of providing and maintaining them was becoming enormous [24, 25 and 26]. For instance between 2001 -2003 government expended N186,512,385.98 on renovation of government houses [26, 27, 28 and 29]. This indicates that substantial amount of money is being drained on maintenance of residential quarters just for the comfort of few Nigerians [30 and 31]. In view of the above a committee on monetization of fringe benefits in the Federal Public Service was set up by President Olusegun Obasanjo in November 11, 2002 under the chairmanship of the Secretary to the Government of the Federation, Chief U.J Ekaette [32 and 33]. Based on the recommendations of the committee, approval was given by the president for the monetization policy to take effect from October 1, 2003.

The productivity of civil service employees are known to be relatively low compared with that of their counterparts in the private sector [34 and 35]. The above has been attributed to low wage incentive and fringe benefits [34, 35, 36 and 37]. This has led to strike actions by the workers on different occasions, and this does not augur well for the economy of any nation and [38, 37 and 38]. Government decries industrial disputes and strikes because these actions can paralyze both government activities and the economy of a nation [39 and 40]. Poor condition of service remains the basis for industrial action in public service in Nigeria. It also contributes to inefficiency and low productivity [41].

II. OBJECTIVES/PURPOSE OF THE STUDY

The objective of this study is to improve on the productivity of workers in Nigeria as a whole and federal ministry of Transportation (works) in Enugu state as a case study. The objective can be achieved by:

- Investigating why workers are always agitating for increase of salary.
- Finding out the extent the increase in worker's wages and fringe benefits will lead to positive change in worker's attitude.
- Examining if monetization of fringe will improve work performance. Determining if proper implementation of monetized fringe benefits is sufficient to meet the basic needs of workers.
- Examining if the improved fringe strategy could be used to reduce agitation for increase in salary.
- Make recommendations based on the findings from the study.

III. RESEARCH DESIGN AND METHODOLOGY

RESEARCH METHOD AND DESIGN

Survey method of research was adopted in this study. A survey comprises a sample consisting of collection of data or information about a large or small number of people. Also, representative samples who were interviewed or given questionnaire constituted the main instrument in this study.

SOURCES OF DATA

For the purpose of gathering reasonable amount of possible information, the researcher obtained data from both primary and secondary sources.

PRIMARY SOURCES

By primary data, we mean those pieces of information not already in existence but were rather sought for and established basically with respect to executing this particular research work. The basic instrument used by the researcher to generate such primary data was the questionnaire administered on and returned by workers in the Federal Ministry of Transportation (works) Enugu. Oral interviews were also carried out on certain higher executive officers and assistant executive officers. The oral interview did not constitute a substantial part of researcher's overall information sources. The researcher felt it was the best way of getting information out of higher executive officers and assistant executive officers. The interview method allowed them a free atmosphere of expressing their views as much as they could. It also helped them to relate their unofficial actions. This method also posses flexibility, elicits spontaneous response and allows the researcher to probe more deeply into the matter being investigated.

SECONDARY DATA

Extensive library research was carried out by the researcher through which secondary data was gathered. Secondary sources refer to information sources from published materials of authors and researchers.

LOCATION OF THE STUDY

This study was on Federal Ministry of Transportation (works), which is geographically located at the Federal Secretariat Complex, Independence Layout of Enugu State, Nigeria.

DATA COLLECTION

Primary and secondary data was collected for this study. The primary data were collected through questionnaires, direct observation and interviews. The questionnaires were personally administered to the workers by the researcher. In order to enhance that correct information was given. The researcher used unambiguous terms in constructing the questions and tutored the respondents on the purpose of questionnaires. She also gave the respondents two days intervals for collection. Also secondary data was obtained through library research and documented materials like textbooks, journals, magazine, newspapers, government publications and internet.

POPULATION OF STUDY

The population of study is 110 members of staff indicating the staff strength of Federal Ministry of Transportation (works). This consists of 50 senior officers and 60 junior officers.

TABLE 1: POPULATION DISTRIBUTION OF STAFF

Staff	No	Percentage
Senior	50	45
Junior	60	55
Total	110	100

Source: Federal Ministry of Transportation (works) Enugu, 2008.

SAMPLE SIZE AND SAMPLE TECHNIQUE

To determine the sample size, Yamani (1964) formula was applied.

$$n = \frac{N}{1 + N(e)^2}$$

When n = sample size

N = population

e = margin of error

I = Constant

Applying this $n = \frac{110}{1 + 110(0.05)^2}$

$$n = \frac{110}{1 + 110(0.05)^2}$$

$$n = \frac{110}{1 + 110(0.0025)}$$

$$n = \frac{110}{1 + 0.275}$$

$$n = \frac{110}{1.275}$$

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Therefore, the sample size was 86 .

TABLE 2: SAMPLE SIZE

Category of staff	No	Percentage
Senior	40	46.51
Junior	46	53.4
Total	86	100

Source: Field Data, 2008

TABLE 3: INSTRUMENT RETURN RATE

Category	No of not returned	No of data returned	Percentage
Senior	-	40	100
Junior	-	46	100
Total	-	86	100

Source: Field Data, 2008

INSTRUMENT RETURN RATE

The questionnaire instrument distributed was to 86 respondents of the Federal Ministry of Transportation (works). The respondents were properly educated by the researcher. On collection the researcher was able to collect all the questionnaires and they were rightly completed and returned indicating 100% response, which was very good.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Data were presented in tables and analyzed with the aid of descriptive statistics especially the simple percentage.

IV. RESULTS AND DISCUSSION

TABLE 4: EFFECT OF INCREASE IN WAGE ON THE PRODUCTIVITY OF WORKERS

Options	Frequency	Percentage
To a very large extent	20	23.2
To a large extent	30	34.8
No ideal	8	9.3
Small extent	12	13.9
To a very small extent	16	18.6
Total	86	100

Source: Field Data, 2008

Table 4 above indicates that out of 86 respondents, 20 of them representing 23.2% claim that increase in wage incentive has effect on worker’s productivity to a very large extent, 30(34.8%) respondents of the workers hold the view that it is to a large extent, 8 respondents being 9.3% did not have idea, 12 respondents being 13.9% felt that it was to a small extent while 16 respondents representing 18.6% maintain that the effect is to a very small extent. From the above table, it shows that increase in wage enhances the productivity of workers to a large extent.

TABLE 5: DISTRIBUTION ON THE EXTENT MONETIZED BENEFITS IMPROVE PERFORMANCE OF WORKERS

Possible options	Frequency	Percentage
To a very large extent	36	41.8
Large extent	22	25.5
No idea	2	2.3
To a small extent	16	18.6
To a very small extent	10	11.6
Total	86	100

Source: Field Data, 2008

Table 5 above shows that out of 86 respondents, 36 of them representing 41.8% claim that to a very large extent monetization of fringe benefits improve workers performance, 22 respondents representing 25.5% of the population hold the view to a large extent, 2 respondents representing 2.3% had no idea while 16 representing 18.6% of the respondents feel it was to a small extent and 10 or 11.6 % of respondents claimed to a very small extent. Table 5 above has shown that the monetization of fringe benefits improved the performance of workers in the federal ministry of transportation to a very large extent.

TABLE 6: DISTRIBUTION ON THE EXTENT MONETIZED FRINGE BENEFITS MEET BASIC NEEDS OF WORKERS

Options	Frequency	Percentage
To a very large extent	14	16.2
Very large extent	8	9.3
To a Small extent	3	3.48
To a very small extent	20	23.2
Total	41	100

Source: Field Data, 2008

Table 6 above shows that out of 86 respondents, 14 representing 16.2% of the respondents were of the opinion that the monetization of fringe benefits will meet the basic needs of workers to a very large extent, 8 respondents being 9.3% said that it was to a large extent while 3 representing 3.48% of respondents said no idea, 20 respondents representing 23.2% were of the view that it was to a small extent and 41 or 47.6% claim it is to a very small extent. From table 4.3 above, it indicates that the monetization of fringe benefit can only satisfy the basic need of workers to a very small extent indicating that the money cannot buy anything.

TABLE 7: DISTRIBUTION OF IMPROVED FRINGE BENEFITS REDUCE AGITATION FOR SALARY INCREASE

Possible options	Frequency	Percentage
To a very large extent	25	29.06
Very large extent	18	20.0
No idea	4	4.65
To a small extent	9	10.46
To a very small extent	30	34.88
Total	86	100

Source: Field Data, 2008

Table 7: above reveals that out of 86 respondents, 25 of them representing 29.06% held that improved fringe benefits can reduce salary agitation to a very large extent, 18 or 20.9% were of the opinion that it was to a large extent while 4 representing 4.65% had no idea, 10.46% feel that it would be to a small extent, 30 being 34.88% of the respondents were of the opinion that it was to a very small extent. Table 7 above indicates that improved fringe benefits will reduce the agitation for salary increase to a very small extent.

From the results of the following, the researcher made the following findings: That increase in wage in the Federal Ministry of Transportation enhances the productivity of workers to a large extent. In other words, the ministry is capable of motivating their workers by increasing their wage. This affects their attitude to work, thereby enhancing workers productivity. The researcher discovered that monetization of fringe benefits to a very large extent has improved the performance of workers in the Federal Ministry of Transportation (works). This implies that monetization of fringe benefits has brought about job satisfaction among workers thereby improving performance of worker. The above indicates that there is a relationship between monetization of fringe benefits and job satisfaction among workers. The researcher also found out that the monetized fringe benefits could only satisfy the basic need of staff to a very small extent. This is because the monetized benefit is not sufficient to meet the basic need of workers such as food, clothing, shelter, hospital bills and school fees. It is only when the basic needs of workers are satisfied that one can get the best out of them [20, 26, 29 and 35]. Finally, the researcher found out that improved fringe benefits will reduce the agitation for salary increase to a very small extent. This is because there are other factors that influence salary agitation, for instance high cost of living and inflation that affects the purchasing power of workers [15, 27 and 38]. These factors made it impossible for them to manage the salary paid to them [41 and 42]. Moreover, the salary that is paid is not a living wage and so not enough to buy what the workers need, because it is not sustainable.

RECOMMENDATIONS

Based on the findings of this research, the following recommendations were made:

- The Federal Government should not take hasty actions in upwards review of worker's salaries and fringe benefits without a corresponding degree of productivity.
- All arrears of monetized benefits should be fully paid to workers in order to harvest the best from them. This can be achieved by emphasizing prudence in the use of public resources in order to have enough to meet personnel cost.
- Government should ensure that Monetization policy should be made to meet the basic needs of workers so that workers will give in their best at the satisfaction of their basic needs. If the policy is poorly planned and implemented it could destabilize government efforts on public services in Nigeria.

- In addition the federal government should involve the assistance of economist in formulating salary structure that could be sustainable for public servants in agreement with the Nigerian labour congress.
- Also government should endeavor to implement only policies with human face, as this will reduce frustration, fear and anxiety on workers. They can achieve this by carrying out impact assessment of policies before they are announced and implemented.

Moreso, there is need for job security since it is a fundamental human need: for many people it is more important than either pay or advancement. The government should endeavor to use financial reward system since it motivates workers. In increasing salaries of workers in the public service government should avoid use of subtle means like exorbitant taxes, the controversial contributory pension and national health scheme and end up taking back the increment in salary of workers. The monetization of fringe benefits in the federal civil service should be extended to both state and local government offices, since productivity and service delivery affect both the state and local government staff to join the federal services. Government should also not publicize the increase in wages and fringe benefits to the public to reduce high cost of living.

V. CONCLUSION

In conclusion it was discovered that increase in worker's wages and fringe benefits enhanced the productivity of workers in Nigeria.

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